
THIRD ANNUAL REPORT

OF

THE DIRECTORS

OF THE

Rutland & Burlington Rail Road Company,

SUBMITTED TO THE STOCKHOLDERS, JUNE 19, 1850.



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B O S T O N :

PRESS OF T. R. MARVIN, 24 CONGRESS STREET.

1850.

OFFICERS OF THE CORPORATION,

JUNE 19, 1850.

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BOARD OF DIRECTORS.

TIMOTHY FOLLETT, Burlington.
GEORGE T. HODGES, Rutland.
NATHAN RICE, Boston.
JOHN HOWE, Boston.
BENJAMIN T. REED, Boston.
WILLIAM HENRY, Bellows Falls.
NATHANIEL FULLERTON, Chester.
CHESTER GRANGER, Pittsford.
JOHN A. CONANT, Brandon.
CHARLES LINSLEY, Middlebury.
SAMUEL P. STRONG, Vergennes.
JOHN BRADLEY, Burlington.
JOSEPH WARNER, Middlebury.

PRESIDENT.

TIMOTHY FOLLETT.

VICE PRESIDENT.

GEORGE T. HODGES.

TREASURER.

SAMUEL HENSHAW, Boston.

ASSISTANT TREASURER AND CLERK.

SAMUEL SWIFT, Middlebury.

REPORT.

To the Stockholders of the Rutland and Burlington Railroad Co.
GENTLEMEN,

At your annual meeting in 1849, you were pleased to order your Board of Directors to open your Road for travel and freight, through its entire line, by the first day of January, 1850. You were at that time informed of the estimated amount of work remaining to be done, and its magnitude must have satisfied you, that the execution of this order, within the time limited, would call for an effort, seldom if ever exceeded in Rail Road construction in New England. The Board regarded this order as *imperative*. No obstacle which could be overcome, must be permitted to prevent its literal execution.

And now, Gentlemen, your Board have the high gratification of being able to announce to you in this formal manner, what you already know and understand, that your direction in this matter has been obeyed. A train of cars from the ocean and another from the lake, each full freighted with stockholders and friends of this great enterprise, met and exchanged congratulations in the rock excavation upon the summit at Mount Holly, on the 18th December, 1849; being thirteen days in advance of the period when this whole work, by your order,

was directed to be finished. From that day to the present, regular daily trains for freight and passengers have passed each way over the entire line.

It would be burdensome, if not unprofitable and painful, to recapitulate, on an occasion like this, the peculiar difficulties and embarrassments which have clustered around and beset this enterprise, from the earliest period of its existence. Some of the most prominent have been seen and publicly known, but the memory of others, more concealed and therefore more to be dreaded, must be reserved to those who have been obliged from their position, to grapple with and overcome them. It is sufficient to say, that these difficulties and embarrassments, of whatever aspect or character they may have been, have so far yielded to the efforts you have made, as to place the Rutland and Burlington Rail Road, prominently before the country, as a work now practically completed, and forming an important and necessary link in the great chain of internal improvements. For all this success, we may be permitted to congratulate ourselves and each other.

But, Gentlemen, this is not the purpose for which, under our charter, we have assembled. The day has arrived, when duty demands of us, your agents, to lay before you faithfully and truthfully, and in sufficient detail to be correctly understood by all, the manner in which we have discharged the great trust you have confidingly reposed in us, and to present for your consideration, our views of the future, so far as our own great interests are involved, the protection of which you will not fail to cherish and secure.

The Rutland and Burlington Rail Road, omitting a fraction, is 120 miles in length, forming the Northern and Western portion of the great trunk line from Boston to Lake Champlain, and there connecting with the various avenues leading to Canada, and the Western Lakes. The cost of this Road was estimated, in its preliminary survey, at \$3,000,000. It was to cross the Green Mountains in Vermont, at an elevation of some 1,400 feet above tide, and was to encounter, at that point especially, an obstacle in rock-cutting of a most formidable and expensive character—too much so, in the opinion of many, to justify the necessary outlay. The contractors commenced the work of grading in the spring of 1847, since which, up to the day of its completion in December, 1849, the work progressed regularly and steadily, and with but occasional and partial interruptions. During this short period there have been removed 5,645,194 cubic yards of earth, more than 1,500,000 yards of which is a tenacious clay, hard-pan and quicksand; and 323,480 yards of solid and 21,999 yards of loose rock. There have been constructed 21,911½ yards of culvert masonry, 38,125½ yards of bridge masonry, 1,297 yards of arch and pier masonry, 16,336 yards of bank or supporting wall, and 5,500¾ lineal feet of bridging. The mechanical character of this work, for durability and strength, and for architectural symmetry and beauty, will bear comparison, we think, with similar work wherever found in this country. The entire line of track, which, with necessary turn-outs, does not fall short of 125 miles in length, was laid in six and an half months by

one party of contractors. The sum of \$24,000 has been paid for fencing, embracing a large portion of the line which passes through the cultivated parts of the country, where fencing was immediately necessary, — and \$17,023,17 for depot-buildings, principally at way-stations.

It is known to you, Gentlemen, that a large portion of that part of the line between Burlington and Brandon, passes over a country where either a clay or alluvial soil predominates. These materials, unsuitable for a perfect road-bed, have required, during the fall, winter and spring months, to be covered with gravel, for which a heavy expenditure has been incurred. The natural material between Brandon and Bellows Falls, is generally of a much more favorable character ; but, nevertheless, has required considerable expense. Gravel has now been placed on nearly the whole length of the line, not more than twelve miles in all remaining, and the Road throughout is in good running order.

Some progress has been made in preparing necessary buildings, for public accommodation, at way-stations. More, however, remains to be done. The expense of these additional structures, sufficient for the purposes of the Road, and of a convenient and permanent character, is estimated at \$40,000, which is exclusive of wharf and warehouse accommodations at Burlington, not yet estimated. The time has arrived when longer delay in providing these additional structures can hardly be justified. Your newly-elected Board, it is presumed, will move with promptitude in this matter, under

such direction, if any, as you may think proper to give them.

The period is near at hand, Gentlemen, when we shall be called upon to make new, and, we have no doubt, profitable connections with other Rail Road corporations, entering upon our line. Since your last meeting, the construction of the Road from Whitehall to Rutland has rapidly progressed, and is now nearly ready for the superstructure. The Road from Rutland to Troy, by way of Salem, is under contract, the grading of eleven miles to Castleton completed, and the work on the remainder steadily progressing. A Road from Albany to Rutland, by way of Bennington, is now receiving its final location, under the charge of our former chief engineer, Mr. Gilbert, and men of wealth, character and enterprise, engaged in the project, give assurances that it will be immediately built. These respective routes unite with us at Rutland. When completed, we shall have direct connection with Lake Champlain at the head of its navigation—with Saratoga and the lines of Rail Roads and Canals through Western New York, reaching the great Lakes—with the Hudson River and all the markets upon her borders—and with the City of New York, both by Steam Boat and Rail Road.

The Hudson River Rail Road, now completed and running between New York and Poughkeepsie, is immediately to be finished, terminating at Albany. We have direct connection with it over either and all of the three lines named, after which, less than eleven hours running time between New York and Burlington, is amply sufficient to make the trip.

The characteristics of the whole line afford the opportunity of attaining a high rate of speed, and in distance it has manifestly a decided advantage over any other route. The entire travel, north and south, must be thrown upon this line, and we of the Rutland and Burlington, with our Boston connection, cannot fail to be greatly benefited by it.

From our eastern terminus at Bellows Falls, a Rail Road is constructing down the valley of the Connecticut River to Brattleboro', where we come in connection with the Vermont and Massachusetts, leading to Boston, and with the Connecticut River Rail Road, following the valley of that river to Hartford, thence to New Haven and New York, or diverging and reaching by Rail Road all the principal cities and towns in Massachusetts, Connecticut and Rhode Island.

These several Roads, when completed, would seem to perfect the magnificent system of public works in which we are interested, South and East, and bring our own into line for the Northern and Southern as well as the Eastern and Western travel of New England. We cannot fail to derive great accessions to our business from these new lines, and it does not seem possible that rival or parallel routes can ever be constructed to deprive us of the expected benefits, or even to divide them with us.

The occasion of our last annual meeting was improved to lay before you somewhat in detail, the position in which we were then placed in reference to the Vermont and Canada Road, and its connection with ours at the village of Burlington. Controlled and directed as this Corporation is, by an influence adverse to our interests, and apparently

disposed to divert its business from us at any and every sacrifice, regardless of the obligations imposed upon them to connect their Road with ours, it was deemed expedient to procure from the Vermont Legislature, an amendment of our charter, which was obtained at their October session in 1849, and which, if accepted, authorizes this Company to construct a Road from Burlington, to intersect the Vermont and Canada at the village of St. Albans. This act is favorable for the purposes for which it was designed, and will be submitted for your consideration, on the question of acceptance. It is not deemed expedient to discuss in this Report the merits of this question. This can be more fully and satisfactorily done by you, Gentlemen, in open meeting, prepared as we trust many of you are, to throw upon it the light necessary to lead us to a just and wise conclusion. It would seem indispensable, however, that the subject be now disposed of, as the act expires by its own limitation in two years from the date of its passage.

Previous to the opening of the Road through its entire line, and up to January 1st, 1850, the income arising from the running of detached and separated portions, and the expenses of the same, have all been included in construction account. This course was adopted from the obvious necessity and propriety of the case. The furniture of the Road, including every spare engine, with the platform and gravel cars, were necessarily used on construction. The expenses, including wood, oil, wages, repairs, &c., were not and could not be accurately separated and kept distinct from similar expenses attending the legiti-

mate business of running these detached portions for freight and passengers. Since the first of January, the Superintendent has opened his books, in a methodical and systematic form, and his report herewith will show the extent of our operations both in the freight and passenger service. It must be observed that the monthly income is exclusive of that portion belonging to Roads below, or in other words, is the portion only which belongs to this Road, chargeable of course with our own current expenses in operating the same. The amount of these net earnings would be, and we think should be increased, by charging construction with the actual expenses of our trains, and their wear and tear, engaged in the business of graveling, transporting materials and performing other various kinds of service on construction. This sum we estimate at \$15,000.

It is possible that the income or earnings of the Road may fall below the expectations of some. We would ask such to consider and remember that the line was opened in the dead of winter, a season of the year when business in the country, both in freight and travel, is proverbially dull, soon followed by the spring, which has been unusually cold, backward, and wet. The business of the country could not be expected, upon the moment, to leave its old and accustomed channels. This new avenue led to a comparatively new market, with which many of our business men were to make themselves first acquainted; and there is a natural and well-defined reluctance to venture upon a new and untried field for trade and traffic. The products of Western Ver-

mont have heretofore found their principal market at New York, and at other cities on the Hudson ; and the few months we have been running our Road, and the unpropitious season of the year since we commenced, can furnish no reliable data of the extent of our business when these temporary difficulties are removed. The steady and rapid increase since the opening, both in freight and passengers, give the assurance that your investment in this Road will yield, at an early day, a good dividend upon the par value of your stock.

There is due to stockholders for interest upon assessments up to January 1, 1850, the sum of \$90,400 00. It becomes an important question for you to determine in *what manner* and when this interest shall be paid. The amount cannot be paid in *cash* from any means at present in the treasury ; nor can it be paid in *cash* without obtaining a *loan* for this purpose, thereby increasing to an equal amount the debt you already owe. The result of such an operation would be to withdraw an equal amount of capital on which your creditors have a right to rely, and appropriate the same by an interest dividend to your own use. The wisdom of such a proceeding has never been discovered. It likens itself to the practice with which some corporations have been charged—borrowing money at exorbitant rates to pay to shareholders a dividend of earnings ! How then shall this interest debt be paid ? In reply, the Board unhesitatingly recommend an issue of the capital stock of the company at its par value, bearing date January 1, 1850. This recommendation, if adopted, furnishes a substantial fulfillment of our obligation in this particular,

and at the same time relieves the treasury from a burden from which it cannot otherwise easily relieve itself.

The Treasurer's Account shows that the expenditures have been :

For Grading and Masonry, . . .	\$1,891,111	35	
" Bridges,	57,569	00	
" Superstructure,	891,960	90	
" Land and Land Damages, . . .	130,972	76	
" Fences,	24,000	00	
" Engineering,	78,556	13	
" Stations, Buildings and Fixtures, .	17,023	17	—3,091,193 31
" Cars,	153,098	21	
" Engines,	94,605	55	—247,703 76
			\$3,338,897 07
" Discount on Bonds, Interest, Coupons, &c.	232,058	69	
" Salaries,	24,280	42	
" Preliminary Survey and General Expenses, .	28,798	59	
" Fuel on hand,	29,146	74	
" Tools for new Machine Shop, . . .	7,156	41	
" Real Estate, (since sold,) . . .	1,072	61	—37,375 76
			\$3,661,410 53

The means for which have been realized from

Capital Stock,	1,676,500	00	
Bonds payable in 1851,	60,000	00	
" " 1852,	310,288	25	
" " 1853,	560,000	00	
" " 1854,	328,000	00	
" " 1855,	112,500	00	—1,370,788 25
Superintendent, Income account,	16,978	17	
Notes payable,	472,850	22	
Sundry accounts,	237,920	45	
Less Notes receivable, on hand,	51,185	84	
And balance due from delinquent subscribers,	62,440	72	—113,626 56—124,293 89
			\$3,661,410 53

The Company have on hand, not laid in the main track, 600 tons of Rails, valued at \$28,000.

It is important that the policy to be pursued in making provision for your floating debt be soon determined. Temporary expedients, although useful and necessary for the moment, must be condemned as costly and unreliable. The system of renewals subjects you to the constant fluctuations of the money market, and in the present greatly depressed state of Rail Road securities, to rates ruinous alike to your property and credit.

Various modes to dispose of this floating debt might be suggested. The one which appears most feasible and proper is to issue a sufficient amount of capital stock at par, guaranteeing a semi-annual dividend, for a limited period, of seven or eight per cent, to be offered to stockholders exclusively, and if not taken by them, to be offered to others.

The Board are convinced that a longer period for the redemption of your bond debt would be desirable, and it is proposed that an application be made to the Legislature at their approaching session in October, for liberty to issue new bonds, payable in ten to fifteen years, with three and a half per cent semi-annual interest, and secured by mortgage of the corporate property ; to take the place, as far as necessary, of bonds already issued, and not to exceed in amount the sum of \$1,500,000.

You will not fail to notice that the Road is fully furnished with cars and engines. New Roads have seldom been so largely equipped, and very little addition will be required until the business is greatly increased. There is also included in the item of land and land damage, a very valuable property in real estate, not required for the purposes of the Cor-

poration. More than sixty acres upon the shore of the Lake, and connected with its navigation, at Burlington, is of this character, and will command a price greatly above its cost, whenever the Company shall determine to offer it for sale. Nearly if not the entire amount of your land damage, may in a few years be expected to be covered by the sale of such portion of this property as can be conveniently spared.

It should also be stated that there is yet to be issued to contractors as estimated, 488 shares of capital stock at par ; this sum, when added to your present issue increases the capital stock account to \$1,725,300.

Gentlemen, this great interest, in which you and the public are so deeply concerned, you have now to cherish and protect. You will not fail to make the required effort. The personal exertions of each individual are of value ; and rewarded as these exertions are sure to be, we shall not appeal in vain to this source of protection and success.

By order of the Board of Directors.

T. FOLLETT, *President.*

Superintendent's Report, June 1, 1850.

Passenger earnings, January,	5,818	30	
“ “ Feb'ry,	4,906	58	
“ “ March,	5,888	30	-
“ “ April,	6,555	64	
“ “ May,	5,754	62	—28,923 44
Freight earn'gs, Jan. and Feb.	8,188	55	
“ “ March,	4,187	90	
“ “ April,	5,025	98	
“ “ May,	6,708	33	—24,110 76
Mails—Feb'ry, March, April and May,	3,428	56	
Expresses—January 1 to May 31,	600	00	—57,062 76
Current expenses, viz :			
Pay Roll, Jan., Feb., Mar., Apr. & May,	12,960	00	
Repairs of Engines,	1,875	73	
“ Passenger Cars,	764	79	
“ Freight “	867	76	
Sundry Depot expenses,	139	75	
Stationery,	234	08	
Miscellaneous expenses,	252	81	
Oil, waste, &c.	1,859	73	
Wood—1,500 cords at 2,50,	3,750	00	—22,704 65
Net earnings, p'd into the Treasury and out-stand'g,	\$34,358	11	
Whole number of miles run by Passenger Trains,			
January 1 to May 31, inclusive,			30,240
Whole number of Passengers, say way,	17,392		
“ “ to other roads,	3,518		
“ “ from “ “	2,741		—23,651

L. BIGELOW, *Superintendent.*